

CONSULAR AGENT PROGRAM

98-CI-013

JULY 1998

AUDIT REPORT 98-CI-013

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LIST OF ABBREVIATIONS

ACS	American Citizen Services
AF	Bureau of African Affairs
ARA	Bureau of Inter-American Affairs
ARA/EX	Bureau of Inter-American Affairs, Office of the Executive Director
CA	Bureau of Consular Affairs
CA/EX	Bureau of Consular Affairs, Office of the Executive Director
DS	Bureau of Diplomatic Security
DS/ICI/PSS	Bureau of Diplomatic Security, Personnel Security/Suitability Division
EAP	Bureau of East Asian and Pacific Affairs
EAP/EX	Bureau of East Asian and Pacific Affairs, Office of the Executive Director
EUR	Bureau of European and Canadian Affairs
EUR/EX	Bureau of European and Canadian Affairs, Office of the Executive Director
FAH	Foreign Affairs Handbook
FAM	Foreign Affairs Manual
FMP	Bureau of Finance and Management Policy
FSN	Foreign Service National
ICASS	International Cooperative Administrative Support Services
M/DGP	Bureau of Personnel
M/FSI	Foreign Service Institute
NACI	National Agency Check with Written Inquiries
NEA	Bureau of Near Eastern Affairs
NEA/EX	Bureau of Near Eastern Affairs, Office of the Executive Director
OIG	Office of the Inspector General
PER/RMA	Bureau of Personnel, Office of Resource Management and Organization Analysis
SSA	Social Security Administration
USIS	United States Information Service

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I. EXECUTIVE SUMMARY

Purpose	The primary objective of the audit was to evaluate how well the Department of State manages the consular agent program and to identify areas susceptible to fraud and malfeasance.
Background	Consular agents, who have been a part of the State Department system for over 150 years, are part-time Foreign Service employees authorized to provide limited consular and other related services at specified locations abroad where there is no Foreign Service post. The primary function of consular agents is to provide American citizen services. They perform most types of notarial services, assist the supervisory post in providing emergency services to U.S. citizens, accept and transmit passport applications to the supervisory post, prepare and transmit reports of birth to the supervisory post, and register U.S. citizens in the consular district for emergency notification. At the time of our review there were 44 consular agents employed. The Department views consular agents as a low-cost alternative for providing services in those areas where there have been post closures and reductions in resources, and is planning to expand their use. During FY 1996, program operational costs were approximately \$1.7 million, with individual consular agency costs averaging \$43,249. The average consular agent salary was \$17,040. Forty of the 44 consular agencies are located in areas covered by two of the Department's geographic bureaus, the Bureau of European and Canadian Affairs (EUR) and the Bureau of Inter-American Affairs (ARA). While the overall responsibility for approving the establishment of a consular agency is shared by the Bureau of Consular Affairs (CA) and the geographic bureaus, individual post management is responsible for physically establishing the consular agency, hiring the agent, and day-to-day supervision and oversight.
Results in Brief	Consular agencies provide several important benefits. The agencies (1) are a low-cost alternative for providing consular services particularly to U.S. citizens overseas, (2) enable posts to provide more timely services to U.S. citizens, (3) allow for more efficient use of post personnel and

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travel resources, and (4) are more flexible than establishing and operating an embassy or consulate. Our review, however, disclosed several weaknesses in the program, including (1) insufficient program oversight, (2) a lack of program guidance, (3) a lack of global analysis to determine the need for consular agencies, and (4) a failure to seek reimbursement from other U.S. Government agencies using consular agency services. Also, consular agent personnel issues we identified include (1) inadequate performance standards and evaluations, (2) inaccurate compensation to some agents, and (3) the absence of formal training. Based on our analysis and discussions with officials at posts, CA, and several geographic bureaus, one important cause underlying the program weaknesses is the absence of a management focal point. Because program management is decentralized among the bureaus, addressing systemic problems is cumbersome and difficult. A management focal point would not fix all systemic problems, but would address, and give appropriate priority to, those relating to decentralization.

Principal Findings

Insufficient Oversight by Posts Consular agencies are generally located in areas remote from supervisory posts and are therefore more vulnerable to performance problems and fraud, waste, and mismanagement. Accordingly, the Foreign Affairs Manual (FAM) requires supervisory consular officers to conduct annual agency visits, provide annual performance evaluations, ensure the salary levels of consular agents are commensurate with actual hours worked, and provide consular agents with adequate training. We found most consular agents were not receiving sufficient supervisory visits, were rarely provided with annual performance standards or evaluations, and received no formal training. The lack of training and feedback resulted in violations of the Privacy Act and Department regulations, delays in providing services to U.S. citizens, and instances of overpayments to consular agents.

Insufficient Program Guidance As U.S. Government representatives in locations usually distant from a post, consular agents are key officials for providing services to U.S. citizens. It is critical that they have adequate written guidance because they work with minimal supervision. In addition, because many posts are unfamiliar with consular agency operations, detailed guidance on how to establish an agency is essential. We found, however, that the Department's guidance in the FAM and the Consular Agent's Handbook is insufficient in key areas such as (1) consular agency

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establishment, (2) basic consular agency operations, and (3) consular agent authority. As a result, we noted significant delays in establishing consular agencies, inconsistent and incorrect procedures and actions by consular agency staffs, poor internal controls over cash and other secured items, costs incurred to obtain inappropriate clearance levels for agents, and visa services provided beyond those authorized by CA's policy.

Insufficient Planning

With Department budgets essentially static the past few years, alternative staffing has become an important resource. Consular agency placement is therefore an important element for the Department to consider in any plan to manage an increasing consular workload in an environment of fiscal austerity. Despite these needs, the Department has not analyzed the program to ensure the best and widest use of consular agencies. Based on our review and discussions with geographic bureau officials, the approach to consular agencies has been primarily reactive, that is, the geographic bureaus consider establishing consular agencies in response to specific requests or post closings. Specifically, (1) the Department has not conducted trend analyses to identify those areas where it would be beneficial and cost-effective to establish a consular agency, (2) no periodic analyses have been conducted to verify that specific consular agencies are still cost-effective, and (3) there are no criteria for posts to use when requesting a consular agency. As a result, agencies may not always be in the best locations and the Department may be missing opportunities for additional cost savings and better coverage.

Unreimbursed Services Provided to Other U.S. Government Agencies

In recent years, budget constraints have increased the importance of ensuring that programs are funded by the agencies receiving the service. Consular agents provide services for other U.S. Government agencies, such as the Social Security Administration (SSA), the U.S. Navy, the Foreign Commercial Service (FCS), and the United States Information Service (USIS); however, we found that the Department was receiving reimbursement for these services at only one location. Posts estimated that consular agents spent up to 45 percent of their time on other U.S. Government activities, much of it on SSA and U.S. Navy activities. The Department's recent implementation of the International Cooperative Administrative Support Services (ICASS) program is an attempt to ensure that the Department is reimbursed by agencies receiving services at posts, but there are no plans to include consular agencies in the ICASS program. As a result, the Department is subsidizing the work of these other agencies.

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Fragmented Program Management

Management of the consular agent program is decentralized. Agents provide primarily consular services, but CA does not have overall responsibility for managing the program. The program has no management focal point to address its systemic weaknesses. Geographic bureau officials responsible for consular agencies, including funding, devote little time to the management of the program generally considering it a low priority duty. Adequate oversight of the consular agent program, including monitoring post supervisory visits and agent performance, training, and salary levels is lacking. Establishing a management focal point, preferably within CA, would improve the program and facilitate addressing systemic problems.

Recommendations

— The Office of the Under Secretary for Management should:

- establish a management focal point, preferably within the Bureau of Consular Affairs, to be responsible for the management and oversight of the consular agent program. This unit should also control program funding.

The management focal point, in consultation with the geographic bureaus, should:

- ensure that supervisory posts conduct consular agency supervisory visits, prepare performance evaluations for consular agents, and comply with other FAM requirements;
- require supervisory posts to periodically evaluate the consular agent's salary;
- update the Consular Agent's Handbook;
- coordinate with the supervisory posts to ensure that consular agents are given adequate training;
- develop criteria for establishing a consular agency, issue guidance to posts on how to request consular agencies, and develop guidelines for the Department to process these requests;
- conduct a study to assess whether consular agencies are in the

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most appropriate locations;

- require supervisory posts to submit periodic justifications of the continuing need for their consular agencies; and
- develop procedures for consular agencies to track the time spent on other U.S. Government agencies' activities.

The Bureau of Consular Affairs should:

- establish an appropriate level above which other U.S. Government agencies should be billed for consular agency services and obtain reimbursement from those U.S. Government agencies for those services over this level.

Department Comments

We discussed our findings with Department officials and provided a draft version of this report for comment to M, CA, FMP, M/FSI, M/DGP, and DS. Information copies were provided to each of the geographic bureaus. The written comments to the draft report are contained in appendices B through G. CA noted in its comments that the objective of the review, as stated in the report, differs from the original objective which was to review how well the program provides services to the public. We revised our objectives because of the subjectivity of measuring public satisfaction with services received. In commenting on our draft report, Department officials generally agreed with our findings and recommendations. Regarding our recommendation to establish a management focal point to oversee the consular agent program, M agreed with the need for centralized management of the program, but stated that funding and staffing needed to be considered prior to implementation. CA also agreed in principle, but stated that funds would have to be reprogrammed to provide the additional money and staff needed to manage the program.

II. PURPOSE AND SCOPE

The primary objective of the audit was to evaluate how well the consular agent program is managed by the Department and to identify areas susceptible to fraud and malfeasance.

The fieldwork was performed during the period June 1996 through March 1997. In the Department of State, we interviewed personnel within the Bureau of Consular Affairs, Office of the Executive Director (CA/EX), the Bureau of Finance and Management Policy (FMP), the Foreign Service Institute (M/FSI), the Office of the Legal Advisor (L), the Bureau of Personnel (M/DGP), and the Bureau of Diplomatic Security (DS). We also met with representatives of the Offices of the Executive Director of the Bureau of Inter-American Affairs (ARA/EX), the Bureau of European and Canadian Affairs (EUR/EX), the Bureau of East Asian and Pacific Affairs (EAP/EX), and the Bureau of Near Eastern Affairs (NEA/EX). For information on similar programs operated by other countries, we interviewed officials within the Canadian Department of Foreign Affairs and International Trade in Ottawa, Canada, and the British Embassy in Washington, DC. We also reviewed consular agency files maintained by CA/EX, PER, and the geographic bureaus. Cost information and other relevant data were obtained directly from those posts whose consular agencies we did not visit.

Fieldwork was performed overseas at 14 consular agencies and 12 supervisory posts (2 of the posts supervised more than one agency). The consular agencies visited were in Veracruz, Mexico; San Luis Potosi, Mexico; Cabo San Lucas, Mexico; Manaus, Brazil; George Town, the Cayman Islands; Cuzco, Peru; Seville, Spain; Nice, France; Poznan, Poland; Geneva, Switzerland; Zurich, Switzerland; Genoa, Italy; Trieste, Italy; and Haifa, Israel. We also visited supervisory posts in Mexico City, Monterrey, Tijuana, Brasilia, Kingston, La Paz, Madrid, Marseille, Warsaw, Bern, Milan, and Tel Aviv. At the consular agencies, we interviewed the consular agents and assistants, reviewed case files, observed the operations, and accompanied the consular agents on courtesy calls to local officials and on outreach visits to U.S. prisoners and to members of the U.S. resident community. We also reviewed phone logs, walk-in client logs, and other documents used to support workload statistics. At the supervisory posts, we interviewed the designated supervisory consular officer and consular staff, as well as relevant individuals in other sections of the post. At post we also obtained statements of work, personnel evaluations, site visit reports, and workload statistics for the consular agencies, and reviewed relevant post files.

This audit was conducted by the Consular and International Programs Division of the Office of Audits. Major contributors to this report were David Wise, division director; Jesse Roth, audit manager; Judy Sutrich, auditor-in-charge; James Doty, auditor; and Sharon Moorefield, auditor.

The audit was conducted in accordance with generally accepted government auditing standards and included such tests and auditing procedures as were considered necessary under the circumstances.

III. BACKGROUND

A consular agent is a part-time Foreign Service employee who is authorized to provide limited consular and other related services at specified locations abroad where there is no Foreign Service post. Although a consular agency is technically considered a post, it generally does not have a separate consular district, but functions within the consular district of the Foreign Service post to which it reports. The principal consular officer in the district in which the consular agency is located is responsible for directly supervising the consular agent and for ensuring that the consular agent's duties are clearly defined and understood. Consular agents are authorized to provide a limited range of consular services. They perform most types of notarial services, assist the supervisory post in providing emergency services to U.S. citizens, accept and transmit passport applications to the supervisory post, prepare and transmit reports of birth to the supervisory post, and register U.S. citizens in the consular district for emergency notification or assistance.

Consular agents have been a part of the State Department system for over 150 years. When the Department's consular system was first established, consular duties were primarily related to assisting American seamen. Department regulations in 1833 stated that it was the duty of the consul "when there are several seaports in a consular district to which American vessels resort...to appoint some fit person to be consular agent" who was to have the same duties as the consul, but who reported only to his immediate supervisor. Initially, consular agents, like consular officers, were not paid a salary, but instead were permitted to keep some or all of the fees they collected. This system of using consular agents was very informal; until 1856, consular agents were not even included in the official lists of the Foreign Service. In the early 1870s, consular agents were the most numerous class of the Foreign Service, numbering almost as many as all the other grades combined.¹ The number of consular agents rose from 198 in 1860 to 437 in 1890. After 1890, the number began to diminish. By 1968, only 15 consular agents were employed by the Department.²

The number of consular agents has increased since 1968. As of December 1996, there were 44 consular agencies in existence (see Appendix A). Sixteen of these agencies were established within the last 5 years. Since September 1996, the Department has opened agencies in Maracaibo, Venezuela; Barranquilla, Colombia; and Victoria, the Seychelles. It is in the process of establishing an agency in Puerto Alegre (Brazil), and has approved a proposal by Embassy Mexico City to open agencies in Cozumel and Ixtapa-Zihuantenejo.

The majority of the 44 agencies are located in Latin America and the Caribbean (24) and Europe (16), with most of the concentration in Mexico (10 agencies), Spain (6 agencies), Brazil (4 agencies), and Italy (3 agencies). Over half of the consular agencies are in locations where there once were embassies or consulates. Others are located in resort areas, such as Acapulco,

¹ *The Consular Service of the United States Its History and Activities*, by Chester Lloyd James

² *The Foreign Service of the United States*, by W. Wendell Blancké

Puerto Vallarta, Cancun, and Montego Bay, that draw large numbers of visitors from the United States. Still others are located on islands, such as Sicily, the Caymans, Martinique, and Antigua, that are distant from the supervisory post. In large countries with few consulates, embassies use consular agencies to provide coverage. For example, Spain, currently has only an embassy and a consulate general and has six consular agencies. These agencies include two that replaced posts (Seville and Valencia), two located on islands (Las Palmas, in the Canary Islands, and Palma de Mallorca), one located in the resort area of the Costa del Sol (Malaga), and one in a remote area populated by retirees (La Coruna). The following map illustrates the size and location of Spain's consular sub-districts.



The individuals currently employed worldwide as consular agents include lawyers, teachers, businesspeople, homemakers, and retirees. Of the 44 agents, 35 (approximately 80 percent) are U.S. citizens. The turnover rate for agents is very low -- 21 of the current agents have been in the position for at least 10 years. The longest serving agent has been in the position for 32 years. Approximately half of the consular agencies also employ clerical staff.

IV. FINDINGS AND RECOMMENDATIONS

A. PROGRAM BENEFITS

Over the past several years, the Department's budget has remained essentially static. At the same time, demand for consular services has consistently increased. Faced with this dilemma, the Department has increased its use of alternative staffing. One of these alternatives is hiring a consular agent. Consular agencies are a cost-effective way for the Department to provide consular services. Consular agencies provide several benefits to the Department and U.S. citizens overseas. The agencies (1) are a low-cost alternative for providing consular services to U.S. citizens overseas, (2) enable posts to provide more timely services to U.S. citizens, (3) allow for more efficient use of post personnel and travel resources, and (4) are more flexible than establishing and operating a consulate.

Low Cost Alternative to Posts

Consular agencies represent a low cost alternative to posts for providing consular services to U.S. citizens overseas. The agencies cost less to run than a consulate, primarily because of lower salary and operating expenses. The average annual cost of posting a Foreign Service officer overseas, including salaries, benefits, allowances, and other costs (such as travel, housing, and security) is approximately \$221,300. In comparison, during FY 1996 the average annual consular agent salary was \$17,040, ranging from \$5,852 to \$30,070 (consular agents receive a salary but no other compensation). Consular agents, while not authorized to process visas or passports, may perform most aspects of American citizen services (ACS). Therefore consular agencies are acceptable alternatives to posts in those areas where the work is primarily ACS in nature. When overall operating costs for a post versus a consular agency are compared, the difference is even more striking. As illustrated in the following table, four posts replaced with consular agencies resulted in a total annual cost savings to the Department of nearly \$2.9 million.

Location of Agency	Consulate Cost	Agency Cost	Cost Savings
Barranquilla	\$595,000	\$57,000	\$538,000
Cebu*	550,243	69,478	480,765
Poznan	385,300	31,831	353,469
Zurich	1,638,300	110,750	1,527,550
Totals	\$3,168,843	\$269,059	\$2,899,784

* The portion of consulate costs related to officers' salaries was estimated using information provided by FMP.

Closer Proximity for Customer Service

Consular services can be provided more promptly by establishing a consular agency in locations where there is a large demand for these services and where there is no Foreign Service post. Specifically, in some countries, most ACS emergency cases occur at resort or tourist

locations distant from post. Distance, often combined with transportation and communications problems, may hinder posts from providing timely assistance to U.S. citizens in distress. Therefore, it is advantageous for the Department and U.S. citizens to have someone at the location to provide immediate assistance. In addition to emergencies, consular agents also provide more timely routine consular services in areas where there is a significant U.S. citizen population. For example, the consular agency in Palermo, Italy was established, in part, to provide consular assistance to the approximately 10,000 U.S. citizens residing there. According to a cable from the Naples Consulate General, many of these people are elderly pensioners who can neither afford the expensive airfare nor endure the 10- to 12-hour train or automobile ride to the nearest post in Naples.

Eased Burden on Post Resources

Establishing a consular agency in a remote area where ACS is frequently needed can significantly reduce strain on staff resources and post expenses. For example, post travel time and expenses can be greatly decreased by having a consular agent on-site to handle emergencies. As consular staffing diminishes and the consular services workload increases, it becomes more difficult for posts to send staff to handle both routine services and emergencies in the outlying consular district. As a response to post closures, some posts have periodically sent consular teams to remote areas of the consular district to provide routine consular services to U.S. citizens. For example, Embassy Caracas, after closing a consulate in 1994, had been sending a consular team to the Maracaibo area every other month to provide services to the approximately 4,000 U.S. citizens who reside in western Venezuela. When the U.S. citizens living in the area requested an increase in the number of visits, the post determined it would be cheaper to establish a consular agency.

Flexibility

Another advantage of establishing a consular agency is that it provides a relatively flexible structure for addressing changing work requirements. Consular agencies are established to meet the needs of the supervisory post -- needs that can change periodically. Because consular agents are temporary employees who are not entitled to severance pay or other benefits, there are no additional costs in terminating an agent's appointment, as there would be in closing a post. This flexibility is important because the demand for consular services in specific areas may vary because of changes in the popularity of tourist sites and retirement communities, transportation availability and reliability, and crime patterns. For example, Embassy Mexico City is in the process of opening consular agencies in two locations, Cozumel and Ixtapa-Zihuatanejo, that have become increasingly popular with U.S. tourists and have shown a corresponding demand for emergency services.

B. PROGRAM MANAGEMENT WEAKNESSES

The consular agent program is cost-effective and flexible, and provides timely services to U.S. citizens overseas. The position of consular agent, however, possesses some inherent vulnerabilities. The potential for waste, fraud, and mismanagement exists with regard to the consular services that consular agents are authorized to provide, and to the fees for services they are authorized to collect on behalf of the supervising post. Consular agents seldom receive direct, ongoing supervision and often work by themselves in locations distant from post. Therefore it is important that consular management at post ensure that there are adequate internal controls in place. Our review disclosed several weaknesses that detract from the program including (1) insufficient program oversight, (2) a lack of program guidance, (3) a lack of strategic planning to optimize resources, and (4) a failure to obtain reimbursement from other U.S. Government agencies using consular agent services. We also identified consular agent personnel issues, including inadequate performance standards and evaluations, inaccurate compensation to some agents, and the absence of formal training. These weaknesses resulted in delays in providing services to U.S. citizens, failure to follow Department regulations, and violations of the Privacy Act. In addition, there is no assurance that consular agencies are in the most appropriate locations, considering need and cost. Some consular agencies funded by the Department are also providing substantive unreimbursed services on behalf of other U.S. Government agencies. Based on our analysis and discussions with officials at posts, CA, and several geographic bureaus, a major cause of program weaknesses is the absence of a management focal point to ensure that supervisory posts are properly performing their oversight function and to develop a plan to ensure maximum use of the program worldwide.

Insufficient Oversight

Consular agents are generally located in areas remote from supervisory posts and are therefore more vulnerable to waste, fraud, and mismanagement. The FAM requires supervisory consular officers to conduct annual agency visits, provide annual performance evaluations, ensure the salary levels of consular agents are commensurate with the average number of hours worked per week, and provide consular agents with adequate training. We found most consular agents were not receiving sufficient supervisory visits, were rarely provided with annual performance standards or evaluations, and received no formal training. As a result, delays in providing services to U.S. citizens, failure to follow Department regulations, violations of the Privacy Act, and overpaid agents were not identified and corrected in a timely manner by the supervisory post.

Supervisory Visits

Although 3 FAM 996.2-1 requires supervisory consular officers to conduct annual visits to the consular agency, most agencies we reviewed did not receive annual supervisory visits. In addition, those reviews that were conducted generally failed to identify potential problems, because there are no guidelines for evaluating a consular agency's operation.

We visited 12 posts that had supervisory responsibility over a total of 24 consular agencies. Of these 24 consular agencies, 15 agencies (supervised by 5 posts) were not being visited annually, with gaps between visits ranging from 2 to 4 years. The frequency of supervisory visits varied with different consular management. For example, since 1994, as a result of an OIG inspection, the Cuzco consular agency has been visited quarterly, but prior to 1994 the agency had not been visited for several years.

The limited supervisory visits permitted performance problems to go uncorrected. At one consular agency, the first supervisory visit after 4 years noted that the agent had not visited U.S. prisoners promptly. Upon receiving a copy of the resulting report, the embassy stated that "...the behavior of the agent appears to be an established pattern which should have been addressed prior to this visit, not some three years after [the agent] was hired. [The supervisory post] should have been conducting yearly inspections of consular agents." One year after the visit, the Department received a petition from 12 U.S. citizens imprisoned in the consular district complaining about the performance of the same consular agent. Recognizing the problem with the agent, post management, at the time of our review, was conducting more frequent site visits and requiring the agent to submit individual reports of prisoner interviews when prison visits are made.

Since inadequate guidelines exist for supervisory visits, the quality of the reviews varied considerably. In general the reviews did not assess the operation or provide managers with information on key issues such as the agency's usefulness, agent performance, and workload. Visiting supervisors did not generally:

- review logbooks to determine what services were provided and whether the agency's clients were primarily U.S. or non-U.S. citizens;
- review emergency case files to assess the agent's actions;
- obtain feedback from U.S. prisoners and others in the community on the quality of the agent's services; or
- validate the workload statistics reported by the agent to verify the usefulness of the agency and the appropriateness of the agent's salary (as described in the section on compensation).

The visits were generally informal in nature. For example, one agent stated that the consular officer simply asked him a series of questions from an inspection checklist used by post and accepted his responses at face value. Our visit disclosed numerous performance problems with this particular agent that the post was unaware of, such as the agent's mishandling of a death case and the agent's regular use of a private employee to substitute for him during the consular agency's official open hours.

Performance Standards and Evaluations

Another aspect of consular agency oversight is to ensure that consular agents receive appropriate annual performance standards and evaluations. Performance standards and evaluations, if properly administered, provide a mechanism for monitoring consular agents' work and correcting any deficiencies. According to 3 FAM 996.2-1, the supervisory consular officer is required to prepare annual performance evaluations for consular agents, but it does not specify

what should be included in the performance standards. We found agents often did not receive annual performance evaluations and the format of the evaluations, when provided, was inconsistent. To ensure consular agents are meeting the appropriate responsibilities, they should be provided with consistent annual performance standards, and their performance should be measured against these standards.

Specifically, 21 of the 23 agent's performance standards we reviewed were outdated or too general. In addition, because no clear-cut standards were provided by the Department, the format and content of the standards varied widely. As a result, their specificity and completeness varied significantly. For example, most posts had only a general standard stating the agent is responsible for conducting prison visits, but Consulate General Monterrey's element is more specific, stating that the agent must visit U.S. citizen prisoners within 72 hours of arrest. As a result, Consulate General Monterrey is better able to enforce timely prison visits. To correct the problem, the Department should develop specific standards that are consistent, complete, and in line with Department regulations. Posts should also be required to submit a copy of the signed standards to the Department to ensure they are provided to agents promptly.

In addition to inadequate standards, we found inconsistencies in the process for evaluating consular agents. We reviewed the evaluations prepared from 1991 through 1996 for 20 agents who had been employed for at least 2 years and found that only one agent received annual evaluations. The gaps between evaluations ranged from 2 to 4 years for the remaining 20 agents. In addition, the format and content of the evaluations were inconsistent, posts were not routinely submitting the evaluations to CA/EX as required by the FAM, and CA/EX was not following up to ensure that posts submitted the evaluations. To address these problems, the Department should develop a standardized form to evaluate consular agents and monitor posts to ensure annual performance evaluations are completed.

Training

Training is especially important for consular agents, because they do not have direct supervision. The written materials and guidance from the supervisory post are often inadequate or incomplete. Despite these limitations, consular agents have not been provided with formal training at FSI since 1984³ and have received only limited regional training. FSI training for consular agents was discontinued due to lack of funds. Of the 14 agents we visited, only 7 had received any regional training. In addition, while our review noted instances where agents were not correctly processing passport applications and notarials, not properly safeguarding consular funds and seals, and not adequately documenting services, the regional training was general and did not focus on these problems. Although nearly half the consular agencies employed consular assistants who assisted in providing services, few assistants had ever attended regional training.

³ Until 1984, FSI offered a 1-week consular agent training course that included ACS and passport workshops, individual consultations, and discussions on topics such as the legal status of agents, an introduction to the State Department, and passport fraud. Only six of the current agents have attended this training.

Compensation

Oversight of the consular agent program also should ensure that the salary levels of consular agents are commensurate with the position and responsibilities. We identified several deficiencies in the consular agent compensation process. Specifically:

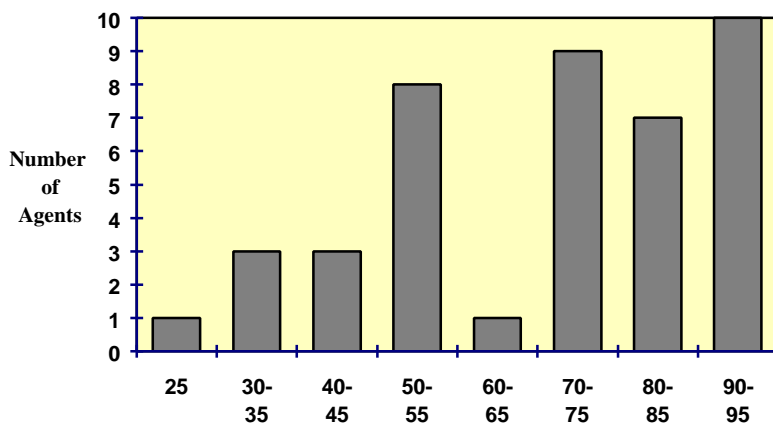
- 7 of the 19 consular agents reviewed were paid for more hours than they actually worked;
- at least two consular agents were hired at inappropriately high base salary levels;
- the base level used in calculating consular agent salary has not been evaluated for 15 years; and
- the agents receive no benefits even though their responsibilities are similar to those of Foreign Service officers.

As a result of these deficiencies, salaries and benefits paid did not always accurately reflect the amount and type of work performed.

Annual Salaries Not Related to Hours Worked

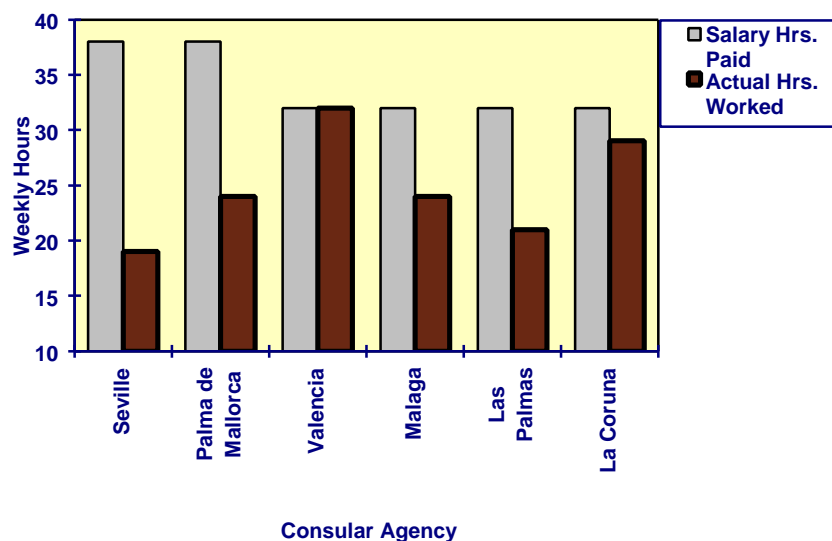
Of the 19 consular agents we reviewed, 7 were paid for more hours than they actually worked. According to 3 FAM 994.2, consular agents (who are considered part-time employees) should be paid a percentage of one of the class 07 steps of the Foreign Service schedule. The designated percentage is based on the average number of hours per week the consular agent is expected to work. The FAM requires that consular agent appointments be between 4 hours (10 percent) and 38 hours (95 percent) per week. The supervisory post is responsible for determining the initial percentage rate and for proposing both step increases and subsequent changes in the salary rates. The salary rate proposed by the supervisory post must be approved by CA/EX, the Bureau of Personnel's Office of Resource Management and Organization Analysis (PER/RMA), and the appropriate geographic bureau. As of March 1997, the workload percentage allocated for the 43 existing agents ranged from 25 percent to 95 percent, although most were in the 70 to 95 percent range, as shown in the following chart.

Pay Percentage Level of Consular Agents



During our site visits, we found eight instances where the number of hours actually worked were substantially different than the number of hours for which the agents were being paid. In seven of the eight cases, the agent was overpaid. For example, at one agency we visited, the agent was paid at the 95 percent level (equivalent to 38 hours a week), but appeared to spend little time on consular agency business. His secretary, who managed the consular agency in his absence, would call him from his private business to the agency office when services such as notarials or passports were required. During our 3-day visit, the agent spent less than an hour a day in the agency assisting approximately half a dozen clients. In addition, based on our review of the agency's emergency case files, agency workload statistics, and discussions with the consular agent, few emergency situations occurred in the area that required the agent to work outside of office hours. Due to the lack of adequate agency workload records, it was impossible to determine exactly what the appropriate pay percentage should have been, but based on our observations and review of available agency workload records, it was evident that the 95 percent level was excessive in relation to the hours worked.

The inequities in salaries paid are even more apparent when comparisons between agencies are made. For example, the agent in Poznan, Poland, who has a limited amount of consular and other agency work, was paid at a higher percentage (95 percent) than the agents located in busy Mexican resort areas such as Cabo San Lucas and Mazatlan (both 80 percent). We also found inequities occurring within the same countries. In Spain, for example, where the agents maintain statistics on the number of total hours worked, we found that four of six agents had significant discrepancies in FY 1996 hours worked as compared to salaries paid, as shown in the following graph.



There are several reasons for the salary discrepancies. One is that the FAM does not require a periodic evaluation of the pay level. As a result, there is no way to determine if the number of hours the agent is actually working has increased or decreased because of a change in demand. Requiring posts to submit a justification of salary level prior to renewing the agent's 3-

year contract would result in more realistic salary levels. A second cause for pay inconsistencies is that 3 FAM 994.3-1 states that the calculation of salary should be based on the average weekly hours of the agency -- it does not distinguish between work performed by the agent and work performed by the agent's assistant. We found that these assistants, who receive a separate salary, often provided the bulk of the services and were present in the agency more than the agent. Therefore, in these instances, only that portion of the work performed by the agent should be considered when determining the agent's salary level. A third cause for the inconsistencies is the lack of a centralized review and approval process over consular agent salaries within the Department. Currently, different individuals in the consular affairs, personnel, and geographic bureaus review and approve each individual salary proposal. A central management focal point reviewing requests could evaluate these requests better because the focal point would know consular agent salaries worldwide and would be able to assess the proposed salary level in this context. In our opinion, for example, it is likely that a focal point would have questioned establishing the salary of the Poznan consular agent at 95 percent knowing that the agents in the busier Mexican resort areas were being paid at the 80 percent level.

Base Salary Levels and Benefits

According to 3 FAM 994.3-2, newly appointed consular agents should be paid at the class 07, step 1 level, unless a higher step is justified to account for local prevailing wage rates or the Fair Labor Standards Act Minimum Wage rates. If the base salary level is not properly established, the agent will then be overpaid or underpaid throughout the course of his or her employment. The FAM makes no provisions for benefits to be paid to consular agents.

With post closures and staffing shortages, the duties and responsibilities of consular agents are expanding. Despite this, the base salary level of consular agents has not been reviewed since 1982. Therefore, there is no assurance that consular agents are appropriately compensated for duties they are expected to perform. In addition to salaries, the Department needs to evaluate whether consular agents should receive benefits, particularly health and life insurance, because agents' responsibilities are similar to those of Foreign Service officers and they are often employed for long periods of time. This is an issue that is important to many agents, and one that could be implemented at minimal cost to the Department.

We also found that the initial salary levels for some agents were established at a higher pay step without appropriate justification. In particular, Foreign Service nationals (FSNs) from some closed posts were hired as consular agents at inappropriately high salary levels in an attempt to match their former salaries. For example, Embassy Warsaw requested a high starting salary level in an attempt to match the salary and benefits of the agent's previous position as a senior FSN at the United States Information Service (USIS). The Department approved the salary level even though it was not justified. The high salary was approved by Department officials apparently due to a lack of knowledge of the regulations and the fact that each bureau assumed that it was just rubber-stamping a decision approved by the other bureaus.

Fragmented Program Management

Adequate oversight of the consular agent program is hampered in part by the current decentralized management structure. Operating a program of 44 consular agencies dispersed in 23 countries is a significant management challenge. Even though agents provide primarily consular services, CA has no overall program management responsibility. Accordingly, the program has no management focal point and the coordination required to address its systemic weaknesses is immense. We noted during the review that geographic bureau officials responsible for the consular agencies in their regions devote little time to consular agent program management due to other responsibilities. We found that the program is generally considered a low priority duty. Senior CA and geographic bureau and post officials agreed that establishing a management focal point, preferably within CA, would improve the program and facilitate addressing systemic problems.

To obtain additional perspectives, we discussed the management of similar programs with British and Canadian government officials. As of September 1996, there were approximately 199 British and 81 Canadian honorary consuls.⁴ Their programs are managed centrally within the respective consular affairs divisions. Although the Canadian posts are responsible for the day-to-day supervision, the consular affairs bureau monitors to ensure supervisory requirements are being met. For example, the managing consular officer at post is required to conduct on-site audits of the honorary consular operations at least annually and submit the results to the consular affairs bureau. Supervisory posts must also annually submit (1) summary reports containing statistical and narrative workload information and a full description of the honorary consul's activities for that year, (2) performance evaluations for each honorary consul, and (3) an assessment of the usefulness of the honorary consul in relation to the initial establishing criteria. Consular affairs bureau staff also make annual visits to selected sites to assess the operations. This system provides for a single focal point to evaluate the overall program.

We believe that if the Department is to maximize the consular agent program, it is essential that a focal point for management be assigned. Geographic and CA officials agreed this is a logical step in improving a program that may become more important as the Department needs to reduce its formal overseas presence while facing increasing demands to provide consular services to U.S. citizens overseas.

Recommendation 1: We recommend the Office of the Under Secretary for Management establish a management focal point, preferably within the Bureau of Consular Affairs, responsible for management and oversight of the consular agent program. This unit should also control program funding.

M agreed with the recommendation, but stated that funding and staffing need to be considered prior to implementation.

⁴ Although both countries use the term "honorary consul," the duties are virtually identical to the duties of the Department's consular agents.

Recommendation 2: We recommend the management focal point (Recommendation 1) ensure the applicable posts are conducting supervisory visits by requiring that reports of the visits be submitted to this office and that it follow up with any posts that do not comply.

Response deferred pending implementation of Recommendation 1.

Recommendation 3: We recommend the management focal point (Recommendation 1) issue guidelines describing steps that must be taken during the supervisory visits. These should include, but not be limited to, (1) reviews of logbooks and other means of assessing the type and volume of clients using the agency and its services, (2) reviews of the agent's emergency case files, (3) validation of the workload statistics as reported by the agency, and (4) visits with prisoners to assess the quality of the services being provided by the agent.

Response deferred pending implementation of Recommendation 1.

Recommendation 4: We recommend the Bureau of Personnel in conjunction with the management focal point (Recommendation 1), develop a standardized form to be used in evaluating consular agents.

PER deferred responding to this recommendation until the final report is issued.

Recommendation 5: We recommend the management focal point (Recommendation 1) (1) develop consular agent performance standards for use by individual supervisory posts in preparing consistent performance standards for each agent, (2) instruct supervisory posts to annually submit to that office copies of the consular agents' performance standards and evaluations, (3) follow up with any posts that do not comply with this requirement, and (4) revise the FAM to reflect this change in procedures.

Response deferred pending implementation of Recommendation 1.

Recommendation 6: We recommend the Foreign Service Institute, in conjunction with the Bureau of Consular Affairs, develop a training course for consular agents.

Both CA and FSI support the substance of this recommendation. As a result of our input, FSI held a consular agent seminar in September 1997, which was attended by 30 consular agents. FSI plans to offer consular agent workshops every 2 years, provided funding is available, with the next one scheduled for fiscal year 1999. Therefore, Recommendation 6 is closed with the issuance of this report.

Recommendation 7: We recommend the management focal point (Recommendation 1) work with the Foreign Service Institute to develop regular regionalized training sessions

for both consular agents and their assistants. This office should ensure that all consular agents worldwide receive this training.

FSI agreed that training is needed, but stated that the consular agent workshops that it plans to offer would be more beneficial than developing regionalized training. As a result of FSI's actions in response to Recommendation 6, Recommendation 7 is closed with the issuance of this report.

Recommendation 8: We recommend the management focal point (Recommendation 1) require supervisory posts to evaluate the appropriateness of the salary level (percentage) of their consular agent at least 6 months prior to the expiration of the agent's contract and to submit to the office a justification for the recommended salary level for the new contract period. The justification should include actual hours worked by the agent over the previous contract period. The focal point must approve the proposed salary level prior to renewal of the contract. In addition, the base salary level of all current agents should be evaluated to ensure FAM compliance.

Response deferred pending implementation of Recommendation 1.

Recommendation 9: We recommend the Bureau of Personnel revise 3 FAM section 8000, Appendix B, to clarify that only the hours estimated to be worked by the individual consular agent, not the anticipated workload of the agency, be considered when determining the appropriate salary percentage applicable to the agent.

PER agreed with this recommendation.

Recommendation 10: We recommend the management focal point (Recommendation 1) request the Bureau of Personnel to perform a position classification review of the consular agent position to determine whether the base salary level currently used in salary calculations accurately reflects the work being performed by the consular agents. Salary adjustments should be based on the results of the classification review.

Response deferred pending implementation of Recommendation 1.

Recommendation 11: We recommend the Bureau of Personnel explore methods for giving consular agents health and life insurance benefits.

PER deferred responding to this recommendation until the final report is issued.

Insufficient Program Guidance

As key U.S. Government representatives providing services to U.S. citizens in remote areas abroad, it is critical that consular agents have as many resources as possible to assist them, because they work with minimal supervision. In addition, accurate guidance on how to establish an agency is essential because many officers at posts are unfamiliar with the consular agencies. We found, however, that the Department's guidance in the FAM and the Consular Agent's Handbook (Handbook) is insufficient in consular agency establishment, basic consular agency operations, and consular agent authority. As a result, there are unreasonable delays in establishing consular agencies, inconsistent and incorrect procedures implemented, poor internal controls over cash and other secured items, costs incurred to obtain inappropriate clearance levels for agents, and visa services provided beyond those authorized by CA's policy.

Establishing an Agency

No detailed guidance is available to assist posts in physically establishing a consular agency. As a result, posts experienced unnecessary start-up delays, confusion, and frustration. In some instances, correct procedures were not followed because geographic bureau personnel provided inadequate guidance. Consular management officials at Embassy Warsaw, for example, stated that the lack of written and oral guidance from the Department caused delays in establishing an agency at Poznan. In addition, the bureau official designated as the liaison for this case was inexperienced in establishing consular agencies and had to request procedural advice from a newly arrived personnel officer at post who had previous consular agent experience.

Specific guidance is also needed about what security clearance, if any, agents should receive and the process for providing interim credentials to the agents pending the results of the security review. The FAM guidance on the security review process is vague and does not specify the level of clearance required for an agent. Officials of the Department's Bureau of Diplomatic Security, Personnel Security and Suitability Division (DS/ICI/PSS), stated that consular agents are not required to have a security clearance because their job does not require access to classified materials. Instead, only a National Agency Check with Written Inquiries (known as a NACI) should be conducted for the agents. The purpose of the NACI is to determine the suitability of the employee at the time that s/he is hired. Because the regulations were not explicit regarding clearances, 6 agents were erroneously provided with secret or top secret clearances, resulting in unnecessary costs to the Department of approximately \$15,000.⁵ DS/ICI/PSS officials stated that they did not know why these clearances were granted. As a result of our review, the officials stated the bureau would determine how this happened and initiate procedures to withdraw the clearances. To prevent this from recurring, DS needs to provide guidelines internally, and to posts and bureaus, on the type of security review consular agents need.

Similarly, the FAM does not address the issue of providing interim credentials to new consular agents while waiting for a background check to be completed. While a new consular

⁵ Clearances cost an average of \$2,500 each, whereas an NACI is performed at no cost to the Department by the Office of Personnel Management.

agent is waiting for the NACI to be completed, s/he needs credentials to conduct business. The FAM only discusses the credentials provided to an agent once the security clearance process has been completed and the agent has been converted from acting to full status. Because acting agents still provide the full range of services, except for notarials, some type of official identification is needed. For example, the Poznan consular agent used a Department badge from a previous FSN job at USIS. As a result, it was difficult for the agent to visit a U.S. prisoner. In contrast, other acting agents, such as the one in Cabo San Lucas, had interim credentials from the supervisory post. Procedures for providing interim identification should be included in the guidelines for setting up an agency.

Consular Agency Operations

We also found that the available guidance does not address certain key aspects of the consular agents' day-to-day operations, such as work performed on behalf of other U.S. Government agencies, representational activities, recordkeeping, internal controls, ethical issues, and controls over cash. As a result of not having such guidance, some agents are not properly performing their jobs.

Activities Performed

Although consular agent duties have expanded to include activities such as attending representational events, performing commercial work, assisting in U.S. Navy ship visits, facilitating official visits, and performing Federal benefits work, none of these areas are addressed in the existing guidelines. Also, current guidelines do not address certain important consular functions, such as registering U.S. citizens in the consular district for emergency notification and other assistance. As a result, agents sometimes take inappropriate actions because they do not know the proper procedures.

In addition, the guidance for visa services is inadequate. The guidance in the Handbook on consular agent visa services was inconsistent with CA's stated policy. As a result, some consular agents were providing visa services not authorized by CA. Specifically, CA's stated policy is to limit agent participation in the visa process to providing information and forms. This policy contradicts the Handbook, which permits supervisory posts to request consular agents to check nonimmigrant visa applications and documents for accuracy and completeness before the applicants provide them to post for processing. We agree that limiting the participation of the consular agent in visa activities to providing information and forms is advisable for both practical reasons and internal controls. In practical terms, the agent's time is limited and the potential deluge of visa clients could detract from the agent's primary responsibility of providing American citizen services. Because agents live in the community, they may find it difficult to deny certain requests, or they may be exposed to potential bribery or extortion schemes. In addition, agents are not trained to recognize visa fraud.

We noted several instances where posts were allowing their agents to perform visa processing steps outside the scope of CA's policy. The supervisory posts involved stated that

they did not know the correct policy. At one location, the Consul General planned to expand the consular agent's duties to include accepting visa applications for individuals not normally requiring visa interviews. At this post, consular section staff expressed reservations about the proposed expansion of duties, citing as a drawback a large increase in workload and the potential for fraud in a country where there is widespread visa fraud already. Another post informed CA/EX that its agent "accepts NIV applications, collects machine readable visa fees, and interviews applicants." CA needs to clearly state in writing its policy of limiting consular agents' visa processing responsibilities and to ensure that supervisory posts are aware of this policy. The Handbook should also be revised to accurately reflect CA's policy.

Recordkeeping Requirements

Recordkeeping requirements are not adequately addressed in the Handbook. It is important for the consular agent to fully document the type and extent of services provided, including the numbers of U.S. citizens assisted, to justify the agency's existence and support the agent's salary level. It is also important for the agent to document the actions taken in emergency cases, so the supervisory consular officer can properly assess that agent's actions. Because the Handbook and the FAM do not address these issues, we found that the agency records were often inconsistent and inadequate. For example, 5 of the 14 agencies we visited did not keep a record of walk-in visitors. Of the nine agencies that did keep records, only three were sufficiently detailed to indicate whether the client was a U.S. citizen and what services the agent provided. In addition, each agent used a different method to record services provided because no standard format existed. The varied recordkeeping methods included log books, sign-in sheets, desk calendars, and a narrative diary. As a result, we could not get a complete picture of the agencies' workload.

Internal Controls

The Handbook also does not address procedures for internal controls, such as controls over the consular seals and fees collected by the agent for services such as notarial, passport, and report of birth. Internal controls are important because some agencies share office space with businesses. Access to sensitive items such as consular seals and fees creates a vulnerability to fraud. The consular seal is a sensitive border security item because it can be used to generate a transportation letter allowing an individual lacking documentation of citizenship to enter the United States. Misuse of a seal could result in a noncitizen's illegal entry into the United States. We found that these items often were not properly safeguarded. In particular, the consular seals, accessible only to officers at posts, were readily accessible to both consular assistants and sometimes the public at the consular agencies.

Ethical Issues

Although consular agents are potentially vulnerable to ethics violations because of the lack of direct supervision, their low salaries, and their often long-term residential status in the local community, the Department does not give them ethics training or guidance. Without knowledge of Federal ethics standards, agents could unwittingly place themselves in a position where there

could be an appearance of conflict of interest or impropriety. For example, in 1994 a consular agent was the subject of an OIG investigation concerning conflict of interest. Although the OIG investigators did not find evidence of criminal behavior, the appearance problems were serious enough for CA officials to push for dismissal of the agent. We also found that one consular agent benefited financially by charging for specific commercial services were part of his consular agent job responsibilities. The agent was subsequently dismissed by the supervisory post due to deficiencies noted during our review and other factors. In 1997, OIG inspectors found that an agent violated the Privacy Act by using a private computer servicing company to prepare a list of registered U.S. citizens. These problems might not have arisen if the agents, through appropriate training and guidance, had been sensitive to potential conflicts of interest and legal ramifications.

Controls Over Cash

Because consular agents work independently with limited supervision and oversight, it is imperative that they have a complete understanding of how to administer the fees they collect. The Handbook, however, does not contain procedures for collecting, recording, depositing, and transmitting consular fees. Twenty-four of the consular agencies we visited collected a total of \$302,985 in fees during FY 1996 (an average of \$12,624 per agency) for providing notarial, passport, and report of birth services. Because the Department has not provided guidance to posts regarding consular agent cash handling procedures, some posts instituted inappropriate cash control procedures. For example, the consular agents in Mexico deposited consular fees into their personal bank accounts and then periodically sent a personal check to post to cover the fees collected or pouched cash to the post. According to section H-311.9 of the Foreign Affairs Handbook (FAH), "...an official or agent of the United States Government having custody or possession of public money shall keep the money safe without...Depositing the money in a personal account...." In addition to violating the regulations, there is also the legal question of recovering these funds should the agent be dismissed, become incapacitated, or die.

Since consular agencies are generally staffed by one to three people, it is difficult to segregate functions for internal controls. Except for a few locations where the receipts, applications, and documents are sent to post with the fees collected, there is no assurance that all fees are accounted for. At a minimum, posts should periodically compare the amount of fees that should have been collected (for example, by comparing agency receipts issued for providing passport, notarial, and report of birth services) to the amount of collections that were deposited by the agent. Substantive deviations should be investigated.

Recommendation 12: We recommend the management focal point (Recommendation 1) develop detailed, step-by-step guidelines for setting up a consular agency, including (1) obtaining and equipping office space, (2) requesting security reviews, (3) issuing interim credentials, and (4) establishing appropriate arrangements for collecting fees.

Response deferred pending implementation of Recommendation 1.

Recommendation 13: We recommend the Bureau of Diplomatic Security issue updated guidance on appropriate procedures to obtain consular agent certification.

DS agreed with the recommendation stating that the security review and interim credential issues should be separated in the text and recommendation. We revised the report accordingly.

Recommendation 14: We recommend the management focal point (Recommendation 1) update the Consular Agent Handbook to include guidance on administrative requirements, internal controls, ethics, and all activities currently performed by consular agents. Standardized forms to record visitors to the agency and other activities should also be developed and included in the Handbook.

Response deferred pending implementation of Recommendation 1.

Recommendation 15: We recommend the Bureau of Consular Affairs (CA) develop a written policy indicating the specific visa services that consular agents may perform, and disseminate this policy to all consular agent supervisory posts. Supervisory posts should be required to obtain approval from CA before allowing their agents to provide any visa services beyond providing information. Those consular agencies currently providing an inappropriate level of visa services should be ordered to cease.

CA agreed with the recommendation.

Recommendation 16: We recommend the Bureau of Finance and Management Policy (FMP) develop guidelines for cash controls at consular agencies. These guidelines should address the depositing of consular agency funds and should require posts to periodically compare consular agency receipts submitted to the amount of fees collected. FMP should also work directly with the Mexican posts and other relevant posts to ensure consular agents cease commingling consular agency and personal funds.

FMP agreed with the recommendation.

Insufficient Planning

The use and location of consular agencies are important considerations in any Department plan to manage an increasing consular workload in an environment of fiscal austerity. Despite the need, the Department has not analyzed the program to ensure the best use of consular agencies. Based on our review and discussions with geographic bureau officials, the Department's approach to consular agencies has been primarily reactive, considering consular agencies in response to specific requests or post closings, rather than identifying targets of opportunity. Specifically, (1) the Department has not evaluated worldwide consular agent placement to ensure the program is being used most effectively and whether it would be cost-beneficial to create new agencies, (2) there are no criteria for posts requesting a consular agency, and (3) the Department has not

conducted periodic analyses to verify whether specific consular agencies are still cost-effective or if needs have changed. As a result, agencies may not always be in the best locations and the Department may be missing opportunities for additional cost savings.

Need for Worldwide Evaluation

The Department should do a worldwide analysis to determine if the consular agencies are in the best locations, if additional locations would be beneficial, or if any existing posts should be replaced by a consular agency. Currently, the Department only establishes consular agencies to replace posts closed because of budget considerations or at the request of a post. We believe that opportunities for cost savings are being missed because the Department has not analyzed the use of consular agencies.

Posts independently determine the need for a consular agency except in those cases where agencies are established because of a post closure. Post involvement is important because they know the nature and location of their ACS workload. However, post officers may not have had prior exposure to a consular agency and may not be aware of the advantages or even the possibility of establishing an agency (only 25 posts of the approximately 250 existing posts have had more than 2 years' experience in supervising agents). Typically, except for a brief description of consular agencies, officers receive little training at FSI about the usefulness of consular agencies. In addition, the consular officer at post does not have a global perspective of resource limitations. Thus, the need for a consular agency is a decision that should not be left solely to the officers at post.

Moreover, the establishment of a consular agency is often an afterthought resulting from a post closure. Of the 44 existing agencies, more than half were established to replace posts that closed. Establishing a consular agency to replace posts whose primary services are ACS would enable the Department to maintain a presence in the area while freeing funds and people for other uses. In April 1995, as a part of the National Performance Review, a Department task force ranked posts in order to identify those that no longer served high priority interests and could be closed. From that ranking, 14 of the 39 lowest ranked posts were closed in FY 1996. The Department could use this methodology, with a few adjustments, to identify posts that could be replaced by consular agencies. For example, the consulate general at Florence appears on the listing as the lowest priority post. It was ranked as having minimal or no significance to Department programs and was also rated as a fairly high cost post (nearly \$700,000 in annual operating costs). In comparison, the FY 1996 operating costs of the three consular agencies currently in Italy range from \$7,084 to \$53,203. Other low priority posts that could be considered for replacement by a consular agency are Edinburgh and Calgary.

Nearly all of the Department's consular agencies are located in ARA and EUR. In comparison, the Canadian and British governments use their honorary consuls worldwide: 42 percent and 30.2 percent, respectively, of Canada's and Great Britain's honorary consuls are outside of the ARA and EUR geographic regions, as compared to 9.3 percent of our consular agents. The Canadians state in their manual, "Honorary consuls provide valuable services at a fraction of the cost of operating a consular post with career staff...Experience has proved that

they provide remarkably good return at a reasonable cost.” The numbers and locations of the honorary consuls and consular agents are detailed below.

Number of Honorary Consuls/Consular Agents Per Geographic Region *

	ARA	EUR	AF	EAP	NEA/SA
United States	24	16	1	2	1
Canada	23	24	16	10	7
Great Britain	45	94	26	14	9

* Chart represents number of honorary consuls employed as of September 1996 and does not include Canadian and British honorary consuls located in the United States.

Lack of Criteria for Establishing Consular Agencies

The Department has not developed criteria or guidance to assist posts requesting a consular agency. Since there are no guidelines for posts on how to prepare proposals to establish consular agencies, the information posts provided varied and was not always sufficient for the reviewer to objectively evaluate the proposal. Some examples of critical information not included in every proposal were:

- an estimate of the number of services, by type, that the consular agent is anticipated to provide;
- the number and complexities of emergency cases, such as deaths, arrests, lost and stolen passports, hospitalizations, and robberies of U.S. citizens occurring in the area;
- the costs, in both time and money, of having an officer travel from post to provide assistance in emergency cases;
- any hindrances that prevent posts from providing emergency or routine services effectively, such as distance, communications, accessibility, or resources; and
- a description of the extent and type of any nonconsular services that the agent is anticipated to provide, such as commercial, representational, and Federal benefits, and whether the applicable government agency will pay any cost reimbursement.

Lacking this basic information, it is not possible to conclude whether the consular agencies are in the best locations or whether posts could provide the services more cost effectively. To facilitate a worldwide review, the Department should develop criteria for posts to use in preparing their proposals.

Evaluating Need

Once a consular agency is established, there is no requirement that the agency be periodically evaluated to ensure that the workload still justifies its existence. Posts automatically extend the agent's appointment when the contract expires without analyzing whether the need still exists and bureaus routinely approve the requests. For example, one agency in Mexico cost approximately \$40,000 annually to operate, yet provided relatively few services to U.S. citizens,

because tourism was lacking and the small number of U.S. citizen residents required little assistance. We noted two additional consular agencies in Mexico that may not be able to justify their cost because of the relatively low demand for services by U.S. citizens. The Consul General attempted, with the support of CA/EX, to close two of these three agencies in 1994, but was unsuccessful because of resistance from senior embassy officials. After our review, two of the three agencies were closed. There should be periodic reviews of agencies to ensure that consular agencies continue to serve a need and remain cost-effective. These reviews could be done on a 3-year cycle, to coincide with the consular agent's contract period. To ensure consistency, all evaluations should be reviewed by a focal point within the Department which would also have the authority to approve the establishment and continuation of agencies.

Recommendation 17: We recommend the management focal point (Recommendation 1), in conjunction with each geographic bureau, assess whether the consular agency program is being fully used. This assessment should identify potential additional locations for consular agencies and also determine whether any of the existing posts could be replaced with a consular agency.

Response deferred pending implementation of Recommendation 1.

Recommendation 18: We recommend the management focal point (Recommendation 1), in conjunction with the geographic bureaus, establish criteria for identifying the need for a consular agency. The criteria should document the annual number and type of emergency cases that occur in the area where the consular agency is proposed to be located. It should also include the cost of officer travel to the location plus distance, communications, accessibility, and resource factors that affect posts' ability to provide efficient emergency or routine services to this location.

Response deferred pending implementation of Recommendation 1.

Recommendation 19: We recommend the management focal point (Recommendation 1), in conjunction with the appropriate geographic bureaus: (1) develop and issue guidelines to posts, based on the criteria established, detailing the information that posts need to include in their requests to establish a consular agency and (2) require supervisory posts to submit a justification of the continuing need for the agency prior to extending the consular agent's appointment term.

Response deferred pending implementation of Recommendation 1.

Cost Reimbursement

Recent budget constraints have increased the importance of ensuring that program funding originates from the responsible agency. Of the 21 consular agencies providing services for other U.S. Government agencies, we found that only 1 was reimbursed. Other U.S. Government agencies receiving services included the Social Security Administration (SSA) (16 consular

agencies), the U.S. Navy (12 consular agencies), the Foreign Commercial Service (FCS) (12 consular agencies), and the United States Information Service (USIS) (12 consular agencies). Posts estimated that consular agents spent up to 45 percent of their time on other U.S. Government activities. Our analysis indicated that the majority of this time was spent on SSA and U.S. Navy activities. The Department's implementation of the International Cooperative Administrative Support Services (ICASS) program is an attempt to ensure that the Department is fairly reimbursed by other agencies receiving services at posts, but there are no plans to include consular agencies in the ICASS program. As a result, the Department is subsidizing the work of these other agencies.

Social Security Administration services routinely provided by consular agencies include accepting and forwarding applications for social security numbers and benefits to post, following up on claims of lost checks, providing forms, and responding to inquiries. These activities individually do not require a significant amount of time, but the total may be great, particularly at those consular agencies in areas where there are numerous U.S. citizen retirees or beneficiaries. For example, SSA services accounted for over 24 percent of the total FY 1996 services provided by the La Coruna, Spain consular agency. The consular agency in Nice, France devotes more time than other agencies, 45 percent of the total agency hours, to SSA activities. The consular assistant at this agency has been designated the sole Federal benefits representative for the entire Marseille consular district, and thus takes claims, provides advice, prepares changes of address, and prepares reports for death cases, lost checks, or missing payments, and reports directly to SSA. Because of the volume of Federal benefits work, the consular assistant's position was officially reclassified in 1994 from special consular assistant to Federal benefits assistant. The consular agency itself is open full-time only to service Federal benefits clients. Despite the heavy Federal benefits workload and the high cost of this agency (total FY 1996 cost was \$230,977, of which the consular assistant's salary was approximately \$53,000), the operation is entirely funded by the Department.

A number of consular agencies in Spain, France, Italy, Israel, and Bali also provide services regularly to the U.S. Navy during port visits. These services include providing orientation presentations to the ship personnel, arranging protocol meetings with local officials, providing translation services, arranging tours of the ship for local groups and officials, coordinating social and sports events for ship personnel, and arranging press conferences and luncheons. In addition to the routine ship visit services, consular agents are also required to provide emergency assistance if ship personnel are arrested, become crime victims, or lose their passports.

Because consular agencies keep track of the number of ship visits made but not the number of hours incurred, we could not determine what percent of consular agency time was spent on these activities. However, from the number of ship visits reported, it appears that significant time is incurred by some agencies. For example, in FY 1996 consular agencies reported the following number of ship visits: Palma de Mallorca, Spain, 53; Trieste, Italy, 26; Genoa, Italy, 11; Malaga, Spain, 9; and Las Palmas, Spain, 6.

Although the Department receives no reimbursement from the U.S. Navy for any costs incurred by the consular agents in providing these services, the Navy is not adverse to paying others for services. For example, the Defense Attaché Office at Embassy Mexico City pays a U.S. citizen resident in Cabo San Lucas to handle all Navy ship matters, even though there is a resident consular agent. In addition, the Navy has reimbursed the Trieste consular agent \$200 to \$500 per ship. The Trieste agent does not receive a salary as a consular agent, because he is a retired FSN drawing a pension, therefore the Navy has decided to pay him separately for these services. As a normal practice, the U.S. Navy pays private contractors to assist in ship visits where there is no consular presence.

Other U.S. Government agencies should be allowed to use consular agency services, but they should pay for what they use. The Department should develop an equitable way to share the costs of consular agencies by developing a system to track the amount of time spent by the consular agencies on other U.S. Government agency activities. In addition, because cost sharing should only be considered when a substantive number of services are provided on behalf of other U.S. Government agencies, the Department should establish a minimum reimbursement threshold.

This lack of reimbursement by other U.S. Government agencies is a worldwide systemic problem and should be addressed by the Department, not the individual posts. Although we noted that Embassy Warsaw had negotiated an MOU with USIS and FCS to equally split the costs of operating its consular agency in Poznan, we found that the cost-sharing percentages were not based on any workload statistics. Therefore to ensure consistency in the allocation process, the issue should be addressed on a Departmentwide basis. There are several methods for doing this. One method would be to include the consular agencies in the Department's ICASS program. This would necessitate submitting a recommendation for inclusion of the agencies to the ICASS Council. An alternative method would be for the Department to directly negotiate a reimbursement agreement with each of the relevant agencies in Washington. The negotiation would have to be worldwide to ensure that the reimbursement process would be consistent.

Recommendation 20: We recommend the management focal point (Recommendation 1) develop procedures for consular agencies to track the amount of time spent on specific consular and nonconsular activities both during consular agency hours and after hours. A standardized form should be developed by consular agencies to use in tracking this time.

Response deferred pending implementation of recommendation 1.

Recommendation 21: We recommend the management focal point (Recommendation 1) develop a method for determining the percentage of time spent by consular agencies on non-consular activities and allocating costs to other U.S. Government agencies. This methodology should identify a minimum level for which reimbursement is required.

Response deferred pending implementation of Recommendation 1.

Recommendation 22: We recommend the Bureau of Consular Affairs, in conjunction with the Bureau of Finance and Management Policy, develop and implement applicable guidelines to obtain reimbursement from those U.S. Government agencies for which consular agents provide a substantial amount of services. Reimbursement should be obtained through either arranging for consular agencies to be included in the ICASS program when ICASS is fully operational or negotiating reimbursement agreements with each of the relevant agencies in Washington.

CA agreed with the recommendation in principle, but suggested that FMP would be a more appropriate focal point for seeking reimbursement. The recommendation has been revised to require CA to coordinate with FMP in the implementation of the recommendation.

V. CONSOLIDATED LIST OF RECOMMENDATIONS

Recommendation 1: We recommend the Office of the Under Secretary for Management establish a management focal point, preferably within the Bureau of Consular Affairs, responsible for management and oversight of the consular agent program. This unit should also control program funding.

Recommendation 2: We recommend the management focal point (Recommendation 1) ensure the applicable posts are conducting supervisory visits by requiring that reports of the visits be submitted to this office and that it follow up with any posts that do not comply.

Recommendation 3: We recommend the management focal point (Recommendation 1) issue guidelines describing steps that must be taken during the supervisory visits. These should include, but not be limited to, (1) reviews of logbooks and other means of assessing the type and volume of clients using the agency and its services, (2) reviews of the agent's emergency case files, (3) validation of the workload statistics as reported by the agency, and (4) visits with prisoners to assess the quality of the services being provided by the agent.

Recommendation 4: We recommend the Bureau of Personnel in conjunction with the management focal point (Recommendation 1), develop a standardized form to be used in evaluating consular agents.

Recommendation 5: We recommend the management focal point (Recommendation 1) (1) develop consular agent performance standards for use by individual supervisory posts in preparing consistent performance standards for each agent, (2) instruct supervisory posts to annually submit to that office copies of the consular agents' performance standards and evaluations, (3) follow up with any posts that do not comply with this requirement, and (4) revise the FAM to reflect this change in procedures.

Recommendation 6: We recommend the Foreign Service Institute, in conjunction with the Bureau of Consular Affairs, develop a training course for consular agents.

Recommendation 7: We recommend the management focal point (Recommendation 1) work with the Foreign Service Institute to develop regular regionalized training sessions for both consular agents and their assistants. This office should ensure that all consular agents worldwide receive this training.

Recommendation 8: We recommend the management focal point (Recommendation 1) require supervisory posts to evaluate the appropriateness of the salary level (percentage) of their consular agent at least 6 months prior to the expiration of the agent's contract and to submit to the office a justification for the recommended salary level for the new contract period. The justification should include actual hours worked by the agent over the previous contract period. The focal point must approve the proposed salary level prior to renewal of the contract. In addition, the base salary level of all current agents should be evaluated to ensure FAM compliance.

Recommendation 9: We recommend the Bureau of Personnel revise 3 FAM section 8000, Appendix B, to clarify that only the hours estimated to be worked by the individual consular agent, not the anticipated workload of the agency, be considered when determining the appropriate salary percentage applicable to the agent.

Recommendation 10: We recommend the management focal point (Recommendation 1) request the Bureau of Personnel to perform a position classification review of the consular agent position to determine whether the base salary level currently used in salary calculations accurately reflects the work being performed by the consular agents. Salary adjustments should be based on the results of the classification review.

Recommendation 11: We recommend the Bureau of Personnel explore methods for giving consular agents health and life insurance benefits.

Recommendation 12: We recommend the management focal point (Recommendation 1) develop detailed, step-by-step guidelines for setting up a consular agency, including (1) obtaining and equipping office space, (2) requesting security reviews, (3) issuing interim credentials, and (4) establishing appropriate arrangements for collecting fees.

Recommendation 13: We recommend the Bureau of Diplomatic Security issue updated guidance on appropriate procedures to obtain consular agent certification.

Recommendation 14: We recommend the management focal point (Recommendation 1) update the Consular Agent Handbook to include guidance on administrative requirements, internal controls, ethics, and all activities currently performed by consular agents. Standardized forms to record visitors to the agency and other activities should also be developed and included in the Handbook.

Recommendation 15: We recommend the Bureau of Consular Affairs (CA) develop a written policy indicating the specific visa services that consular agents may perform, and disseminate this policy to all consular agent supervisory posts. Supervisory posts should be required to obtain approval from CA before allowing their agents to provide any visa services beyond providing information. Those consular agencies currently providing an inappropriate level of visa services should be ordered to cease.

Recommendation 16: We recommend the Bureau of Finance and Management Policy (FMP) develop guidelines for cash controls at consular agencies. These guidelines should address the depositing of consular agency funds and should require posts to periodically compare consular agency receipts submitted to the amount of fees collected. FMP should also work directly with the Mexican posts and other relevant posts to ensure consular agents cease commingling consular agency and personal funds.

Recommendation 17: We recommend the management focal point (Recommendation 1), in conjunction with each geographic bureau, assess whether the consular agency program is being fully used. This assessment should identify potential additional locations for consular agencies and also determine whether any of the existing posts could be replaced with a consular agency.

Recommendation 18: We recommend the management focal point (Recommendation 1), in conjunction with the geographic bureaus, establish criteria for identifying the need for a consular agency. The criteria should document the annual number and type of emergency cases that occur in the area where the consular agency is proposed to be located. It should also include the cost of officer travel to the location plus distance, communications, accessibility, and resource factors that affect posts' ability to provide efficient emergency or routine services to this location.

Recommendation 19: We recommend the management focal point (Recommendation 1), in conjunction with the appropriate geographic bureaus: (1) develop and issue guidelines to posts, based on the criteria established, detailing the information that posts need to include in their requests to establish a consular agency and (2) require supervisory posts to submit a justification of the continuing need for the agency prior to extending the consular agent's appointment term.

Recommendation 20: We recommend the management focal point (Recommendation 1) develop procedures for consular agencies to track the amount of time spent on specific consular and nonconsular activities both during consular agency hours and after hours. A standardized form should be developed by consular agencies to use in tracking this time.

Recommendation 21: We recommend the management focal point (Recommendation 1) develop a method for determining the percentage of time spent by consular agencies on nonconsular activities and allocating costs to other U.S. Government agencies. This methodology should identify a minimum level for which reimbursement is required.

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